

## **Amendments to the Teachers' Pensions Regulations (TPR)**

The Teachers' Pensions Regulations 2010 and 2014 have been amended, as set out below, to provide greater clarity, to provide minor adjustments to qualifying criteria for phased and ill-health retirement, and to make provision for late retirement enhancement equitable across the Scheme arrangements.

### **Extension of the period of pre phased retirement earnings to avoid anomalies for those in irregular contracts**

*Member's pre-phased retirement average annual earnings to be assessed over 12 months instead of 6 months*

Currently a member, who elects for phased retirement, must take a reduction in pensionable earnings of no less than 20% of their pre-phased retirement pensionable earnings. Pre-phased retirement earnings were determined using the member's average annual earnings in the six months immediately before taking phased retirement.

This provision does not appropriately cover for all member types where earnings may be lower when assessed over a six months period. In particular, it can cause problems for irregular workers where, for example, the six month period immediately before phased retirement includes unpaid holidays. The Regulations have been amended to take account of the member's average annual earnings during the **12 months** before a phased retirement takes effect.

### **Ill-Health**

*'Incapacity' condition at point of leaving pensionable service and assessment for in-service application after leaving pensionable service*

An amendment has been made to paragraph 3 of schedule 7 the TPR 2010 so that a member needs to be 'incapacitated' rather than 'incapacitated permanently' at the point of leaving pensionable service. This allows members with an illness that is slow to develop or hard to diagnose to subsequently (within 2 years) make an application for ill-health retirement that will be considered against the same criteria as for an in-service application, whereas previously the member had to have met the 'incapacitated permanently' condition when they left pensionable service.

The amendment goes on to include that this is only the case where the same or a connected or consequential injury or illness is involved. This latter point is also covered by an amendment to regulation 110 of the TPR 2014.

## **Serious Ill-Health Commutation**

*Once an application is made to take a serious ill-health commutation and the member has left pensionable service and the application has been accepted by Teachers' Pensions, this benefit will come into payment. i.e. if the member dies before the serious ill-health commutation comes into payment, no death grant will be payable.*

Where a member applies for and has an application for serious ill-health commutation approved, and has already left pensionable service, that is the benefit that will be paid regardless of whether the member subsequently dies before the benefit goes into payment.

This follows the overall policy intention within the Teachers' Pension Scheme that the benefit chosen by the member is, where possible, the benefit that comes into payment.

A serious ill-health commutation provides for 5 years of annual pension as a lump-sum, in addition to any retirement lump sum and conversion of pension to lump sum to which a member is entitled.

There are pros and cons to consider when deciding if serious ill-health commutation is the correct option for you, as different choices can affect the amount of survivor pension paid to any adult or child. Please see the '[Serious Ill-health Choices](#)' factsheet on our website for a brief overview. There is also an in-depth '[Ill-health Retirement Guide](#)' that provides details on the criteria for ill-health retirement, the process and the options available depending on your circumstances.

## **Out of service retirement applications**

*Early retirement (actuarially adjusted) benefits void if the member returns to an eligible employment before the proposed date of retirement*

An out of service early retirement application is voided if the member returns to eligible employment before the entitlement day specified in the member's application.

## **Other amendments**

*In addition to the amendments made above, the TPR Regulations 2014 are amended in the following areas:*

### **Basis of late retirement enhancement in the Career Average arrangement-**

To clarify that where an actuarial adjustment is applied in the case of an active member of the Career Average arrangement who continues in active membership of the scheme after reaching normal pension age, that adjustment is applied only to the pension accrued up to the point of reaching the normal pension age for those benefits.

### **Reference to 'scheme manager'**

To correct a reference to scheme manager instead of scheme employer in Schedule 1 (8), which determines the process by which an employer ceases to be eligible to participate in the Scheme.